



News Release

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**NEW ELECTRONIC OPTIONS AVAILABLE
FOR SELF-EMPLOYED AND SMALL BUSINESS TAXPAYERS**

WASHINGTON - The Internal Revenue Service today urged self-employed and small business taxpayers to consider IRS e-file and numerous other new electronic options available to them for the first time this year. The expanded options are part of IRS's effort to enhance electronic filing opportunities to business taxpayers.

Among the easy and efficient benefits of IRS e-file:

- file now and pay later if you owe the government money, or;
- file now and get your refund in 10 days or less if the government owes you money.

"Conducting business with the IRS electronically can pay off for self-employed and small business taxpayers. You can save time and paperwork which means you also save money," said Acting IRS Commissioner Bob Wenzel. "Entrepreneurs should jump on the electronic bandwagon."

There are 33 million self-employed individuals and 7 million small businesses with assets of less than \$10 million. Among the electronic options for self-employed taxpayers and small businesses:

- IRS e-file
- Free File
- Where's My Refund?
- Electronic Federal Tax Payment System
- Employment Tax e-file

IRS e-file – the agency's highly praised electronic filing program – allows self-employed taxpayers to eliminate their paper return and file electronically using secured transmission lines. IRS e-file is available through professional tax preparers, over-the-counter tax preparation software and on-line software providers.

IRS e-file is the quick, smart and easy way to get taxes done. Paper returns have an error rate of almost 20 percent. IRS e-file has an error rate of less than 1 percent, which means faster processing, fewer delays and a vastly reduced chance of receiving an IRS notice.

Filing electronically also means self-employed taxpayers can have their refund within 10 days if they use direct deposit. If they owe money, can file now and pay later. Taxpayers can have their payments automatically withdrawn from their bank accounts or charged to a credit card as long as payments are made by April 15.

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This year, the IRS also is working with a consortium of tax software providers who have agreed to provide free preparation and e-filing to at least 60 percent of the nation's taxpayers. **Free File** is available to millions of self-employed taxpayers who file Form 1040 as well as Schedule C or Schedule F. Those taxpayers can review the commercial companies' offerings at www.irs.gov and click on Free File. The eligibility requirements vary by company and not all self-employed individuals may qualify.

All taxpayers who file Form 1040 (and Schedule C or F) are eligible to review the status of their refunds through the **"Where's My Refund?"** program on IRS.gov. By using a little information found on their tax forms, these taxpayers can count the days until they receive their refunds. The new "Where's My Refund?" program is available on IRS's website as well as a toll-free telephone number 800-829-1954.

Small business and self-employed taxpayers who make periodic tax payments also should consider using the **Electronic Federal Tax Payment System**. The IRS collects more than 97 percent of the \$2 trillion in tax payments through the EFTPS program. It has its own web site at www.eftps.gov.

Employment tax forms 940 and 941 can now be filed electronically by tax professionals. The IRS, working with small businesses, software developers and tax professionals, agreed to use software already used by payroll managers. Now, Forms 940 and 941 can be filed in a single transmission.

Each year, the IRS expands the number of tax forms that can be filed electronically. In addition to the Forms 940 and 941, many business-related schedules also can be filed electronically such as Schedule K-1 (Form 1065) for partnerships and Form 1041, the fiduciary income tax return. A full list of IRS e-file forms can be found under small business media at www.irs-e-file.info. Business owners or prospective business owners also can call the IRS' new Business and Specialty Tax Line at 1-800-829-4933.

Four out of five small business and self-employed taxpayers use tax professionals. These tax professionals increasingly are recommending electronic filing to their clients. Among the testimonials:

Orion Investment Group, LLC, a small financial services firm, is a recent e-file convert. "Last year was our first year filing electronically, and it went incredibly smoothly," said partner Mark Thistle. "It simplifies things dramatically, speeding our return and saving a great deal of time."

Francis Lemoureux, owner of a Newport, Vt.-H&R Block franchise, has used IRS e-file for nearly a decade. Twenty percent of his small business clients now file electronically, and he's pushing for even more of his clients to abandon paper.

"There's less paperwork to handle and a whole lot more peace of mind," said Lemoureux. "I know the return gets to the IRS. I get an electronic confirmation every time and if there are problems, I know about them almost instantly."

At Morell's Tax Service in North Dakota, 95 percent of the clientele us IRS e-file, most at owner Jack Morell's urging.

"E-file has been a huge help," said Morell. "It takes a heavy load off the practitioner and speeds the process up immeasurably. When my e-file clients leave the office, they're 100 percent done. I won't have to call them back in. Clients love knowing their taxes are taken care of when they leave and nothing could be lost in the mail or left to chance."

For more information on IRS e-file, visit www.irs.gov. Additionally, an electronic press kit containing e-file statistics and other information is available at www.irs-e-file.info.

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